for that scheme and a major portion of that fund amounting to Rs 60·55 lakhs has since been reconstituted as a general reserve.

This question came up for discussion at the budget session last year. Government have also been considering for some time past the best way of financing undertakings like the schemes just mentioned. It is an admitted canon of financial policy that the amounts taken from the tax-payer and held in reserve should be given back to him in the shape of social amenities or nation building activities and are not utilised wholly for capital undertakings, whether remunerative or otherwise. As it is however necessary to keep pace with the times, the State has to enlarge its activities also by promoting capital or commercial undertakings likely to benefit or improve the condition of the people and for these, though Government may in the first instance indent on their reserves temporarily, it is but right that the schemes should eventually be met only from borrowed capital. In utilising the reserves for such undertakings of public utility in the past, considerations other than the purely commercial aspect of the matter seem to have prevailed.

2. With these preliminary observations, I shall now proceed to review the financial positions for the current and ensuing years, beginning, as usual, with a brief explanation of the transactions of the last completed financial year.

ACTUALS OF 1109.

3. The ordinary revenue and expenditure charged to revenue for 1109 were Rs 234·27 lakhs and Rs 240·04 lakhs respectively against the revised estimates of Rs 232·66 lakhs and Rs 237·77 lakhs. The year thus closed with a deficit of Rs 5·77 lakhs as against Rs 5·11 lakhs anticipated in the revised estimates, the second of its kind after 1104 from which year the revenue of the State has been declining. The increase of Rs ·66 of a lakh in deficit was the net result of increased expenditure to the extent of Rs 2·27 lakhs counterbalanced by an increased receipt of Rs 1·61 lakhs.

The increase in revenue was mainly under Land Revenue (·55) Forest (·54), Stamps (·66), Interest (·77) and Buildings, Communications and Miscellaneous public improvements (·62). The increase under Land Revenue was due to better collections of the outstanding arrears. The improvement under Forest and Stamps was due to slight improvement in the timber market and larger sales of General and Court Fee Stamps. Under Interest, the increase was due to the adjustment of interest on the capital invested on the Electricity and Telephone Schemes. The increase under Buildings, Communications and Miscellaneous Public Improvements was under Tolls on roads.

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[Mr. C. S. Krishnaswami Aiyar.]

and bridges. The revenue under Taxes on Income, Excise and Customs, however declined. The decrease under Customs was under Imports.

On the expenditure side, the net variation was an increase of Rs 2·27 lakhs of which Rs 1·71 lakhs was under Public Works. The receipts from the sale of Government lands and the capital expenditure not charged to revenue amounted to Rs ·83 of a lakh and (—) Rs 2 2 lakhs respectively as against the revised estimates of Rs ·70 of a lakh and (—) Rs 3·60 lakhs.

As a net result of the year's transactions, both ordinary and capital, the Government closing balance which was expected to stand at Rs 118·93 lakhs was reduced to Rs 117·03 lakhs, at the close of 1109.

REVISED ESTIMATES FOR 1110.

4. While framing the budget estimates this time last year, we expected to realise a total revenue of Rs 232·92 lakhs and programmed for an expenditure of Rs 229·97 lakhs leaving a surplus of Rs 2·95 lakhs. But on the basis of the actuals so far known, the revenue is expected to stand revised at Rs 233·44 lakhs and the expenditure charged to revenue at Rs 232·95 lakhs. The current year is thus expected to close with a small surplus of only Rs ·49 of a lakh. The ordinary revenue of the year is expected to be better than the original anticipation by Rs ·52 of a lakh. The expected increases are under Excise (1·25), Stamps (1·85), Interest (1·73), Duty on Matches (1·25), Forest (1 05), Buildings, Communications and Miscellaneous Public Improvements (89) and Railways (·58). Under Excise, an increase of Rs 1·75 lakhs expected under Abkari and Opium is counterbalanced by a reduction of Rs ·50 of a lakh under Tobacco, mainly Coimbatore Tobacco. Under Duty on Matches, a revenue of Rs 3·75 lakhs is expected during the year as against Rs 2·50 lakhs only originally anticipated. Forest revenue is expected to be better than the budget estimate by Rs 1·05 lakhs, due mainly to the improvement in the timber market after the depression. Under Stamps, the expected increase is under sale of Court Fee Stamps. The adjustment of interest on the Capital invested on the Electricity and Telephone Schemes at five per cent, per annum to the credit of Government accounts for the increase under Interest. Under Buildings, Communications and Miscellaneous Public Improvements, the expected increase is under Tolls on roads and bridges. The working of the Railway from Shencotta to Trivandrum for the year ended March 1935 resulted in a net receipt of Rs ·58 of a lakh.

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